

MASS. SAT. 2: E86/989

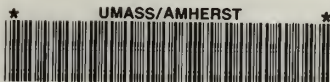


The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A JOSEPH DENUCCI
AUDITOR



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TEL (617) 727 2075

July 13, 1989

GOVERNMENT DOCUMENTS
COLLECTION

MAR 15 1990

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The Honorable Raymond L. Flynn
Office of the Mayor
One City Hall Plaza
Boston, Massachusetts 02201

RE: ESTIMATED ANNUAL COST TO BE IMPOSED ON THE CITY OF
BOSTON BY CHAPTER 23 OF THE ACTS OF 1988 = \$383,000

Dear Mayor Flynn:

Attached is the determination you requested concerning costs to be imposed, as of January 1, 1990, by Chapter 23 of the Acts of 1988, The Health Security Act. My Division of Local Mandates (DLM) has concluded that St. 1988, c. 23 is subject to the local mandate statute, G.L. c. 29, s. 27C. Working with the City's Office of Budget and Program Evaluation, DLM estimates that approximately \$383,000 will be required in calendar year 1990 to comply with section 46 of the Act.

Under the local mandate provisions of Proposition 2 1/2, the State Auditor's determination of the deficiency in payments by the Commonwealth is prima facie evidence of the amount necessary for the state to assume mandated costs. General Law c. 29, s. 27C(e) outlines the City's right to petition superior court for an exemption from section 46 of the Health Security Act.

I have taken the liberty of forwarding a copy of this determination to the Joint Committee on Health Care for their review. The Committee has asked the Division of Local Mandates to determine the costs to be imposed on cities and towns by the Health Security Act. Also, I am enclosing my preliminary report, to the Committee concerning the statewide municipal impact of section 46 of the Act.



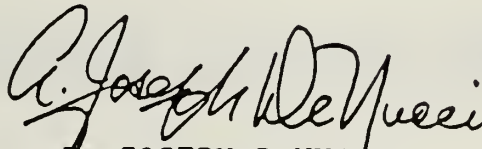
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The Honorable Raymond L. Flynn. (cont.)

Please contact me if you have questions or concerns relating to this issue.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Joseph DeNucci". The signature is fluid and cursive, with the first name "J." and last name "DeNucci" clearly distinguishable.

J. JOSEPH DeNUCCI
Auditor of the Commonwealth

AJD:mbk

cc: The Honorable Edward L. Burke
The Honorable John C. McNeil
Joseph Mulligan, City Solicitor
Neil H. Gordon, Deputy Director
Administration and Program Evaluation

COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE STATE AUDITOR
DIVISION OF LOCAL MANDATES
DETERMINATION
7/89

IN RE CITY OF BOSTON AND ST. 1988, C. 23, S. 46: AN ACT TO MAKE HEALTH SECURITY AVAILABLE TO ALL CITIZENS OF THE COMMONWEALTH AND TO IMPROVE HOSPITAL FINANCING.

INTRODUCTION

The City of Boston petitioned the Division of Local Mandates (DLM) to determine whether certain costs associated with St. 1988, c. 23, s. 46 are subject to the local mandate statute, G.L. c. 29, s. 27C. The above act is better known as the Health Security Act of 1988. Its purpose is to provide health care benefits to citizens not covered by health insurance. Section 46 of Chapter 23 requires all employers with six or more employees to make a contribution for each employee into a medical security trust fund. This fund was established by C. 23 to finance health insurance coverage for unemployed insurance claimants. The City of Boston has approximately 30,000 part-time, seasonal and full-time employees. The city contends that St. 1988, c. 23, s. 46 is a law taking effect after January 1, 1981, and that the city will incur additional costs as a result of said act.

JURISDICTION/METHODOLOGY

General Law c. 29, s. 27C(d) directs DLM to respond to any city or town submitting written notice to the Division requesting a determination whether costs imposed by the Commonwealth have been paid in full by the Commonwealth, and if not, the amount of any deficiency. DLM received such written notice from the City of Boston, and is proceeding accordingly.

In issuing a deficiency determination, G.L. c. 29, s. 27C(a) requires several findings. These include establishing that the law took effect on or after January 1, 1981; documenting that the law would impose additional costs upon a city or town; and certifying that the General Court failed to provide by general law and by appropriation for the assumption of such costs.

ISSUES

- I. Whether St. 1988, c. 23 is subject to G.L. c. 29, s. 27C?
- II. What additional costs, if any, are imposed upon the City of Boston by St. 1988, c. 23?
- III. Whether the General Court has provided by general law and by appropriation for the assumption of such costs?

I. ST. 1988, C. 23, S. 46 IS SUBJECT TO G.L. C. 29, S. 27C.

General Law c. 29, s. 27C applies to "[a]ny law taking effect on or after January [1,1981] imposing any direct service or cost obligation upon any city or town" Where said St. 1988, c. 23 was signed by the governor on April 21, 1988 it is a "law taking effect on or after January [1, 1981]"

Further, St. 1988, c. 23, s. 46 provides that "Each employer, except those employers who employ five or fewer employees . . . shall pay, in the same manner and at the same time as the director prescribes for the contribution required by section fourteen, an unemployment health insurance contribution computed by multiplying the wages paid its employees by twelve hundredths of one per cent." The statute establishes \$14,000 as the upper limit on wages subject to the contribution. The City of Boston estimates its contribution using approximately 30,000 employees. The contributions must be made on wages paid after January 1, 1990 unless Boston is granted declaratory relief by superior court. This new requirement will impose additional costs upon the City.

Accordingly, DLM concludes that St. 1988, c. 23 is subject to the local mandate statute, G.L. c. 29, s. 27C.

II. THE ADDITIONAL COST THAT WILL BE IMPOSED UPON THE CITY OF BOSTON BY ST. 1988, C. 23 IS \$382,819.00

In order to estimate the cost to be imposed, Boston grouped employees by earnings. Earnings are multiplied by .0012.

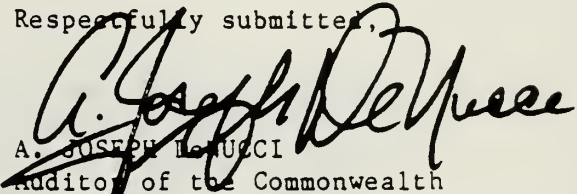
<u>Earnings</u>	<u>Rate</u>	<u># of Employees</u>	<u>Cost</u>
\$ 500	\$0.60	2,731	\$ 1,639
1,500	1.80	1,420	2,557
2,500	3.00	1,135	3,404
3,500	4.20	832	3,493
4,500	5.40	545	2,941
5,500	6.60	464	3,060
6,500	7.80	455	3,549
7,500	9.00	455	4,095
8,500	10.20	462	4,716
9,500	11.40	505	5,761
10,500	12.60	662	8,345
11,500	13.80	377	5,196
12,500	15.00	457	6,862
13,500	16.20	354	5,742
14,000 and over	16.80	19,135	321,460
Totals		29,989	\$382,819

III. THE GENERAL COURT HAS NOT PROVIDED BY GENERAL LAW AND BY APPROPRIATION FOR THE ASSUMPTION OF SUCH COSTS.

Given the fact that the General Court has not appropriated sums to pay the City of Boston for the costs associated with St. 1988, c. 23, DLM concludes that this law is subject to the local mandate provisions of Proposition 2 1/2. General Law c. 29, s. 27C requires ". . . that the Commonwealth assume the cost, at least, of any new law or regulation imposing [costs] on any city or town without its consent." Massachusetts Teachers Association v. Secretary of the Commonwealth, 384 Mass. 204, 211 (1981).

Moreover, the state funding requirements of the local mandate statute will not be satisfied through annual increases in undesignated local aid appropriations. "Requiring the specific allocation of funds for each mandated service best effectuates the fiscal protection of local government that Proposition 2 1/2 was designed to achieve." Town of Lexington and another v. Commissioner of Education and another, 393 Mass. 693, 701 (1985). Any municipality aggrieved by an unfunded state mandate may petition superior court for declaratory relief. G.L. c. 29, s. 27C(e) provides that the court "shall determine the amount of the deficiency, if any, and shall order that the said city or town be exempt from such general or special law, or rule or regulation of any administrative agency until the commonwealth shall reimburse such city or town the amount of said deficiency" Said chapter also provides that the determination provided by DLM shall be prima facie evidence of the amount of funding necessary to sustain the mandate.

Respectfully submitted,


A. JOSEPH DE NUZZI
Auditor of the Commonwealth

Date: July 13, 1989

AJD:jdf



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A JOSEPH DENUCCI

AUDITOR

TEL 1617 727 2075

May 10, 1989

The Honorable Edward L. Burke
Chairman, Joint Committee on Health Care
State House - Room 413C
Boston, Massachusetts 02133

RE: HOUSE NO. 4711: AN ACT TO EXEMPT CITIES AND TOWNS FROM
EXTRA COSTS INCURRED DUE TO PASSAGE OF THE MEDICAL
SECURITY ACT.

Dear Mr. Chairman:

In response to your request I have directed the Division of Local Mandates (DLM) to conduct a study of the Medical Security Act to determine provisions which may impose costs on cities and towns. As I am sure you are aware, such a review will require some time due to the comprehensive and lengthy nature of this Act.

I would, however, like to provide you with DLM's initial findings concerning one provision of Section 46 of St. 1988, c. 23, which requires employers to make unemployment health insurance contributions to the medical security trust fund. The relevant section amends G.L. c. 151A by inserting s. 14G. Subsection (a) of this section takes effect on January 1, 1990.

The provisions of G.L. c. 151A, s. 14G(a) require employers, including cities and towns, to annually contribute twelve one hundredths of one percent of wages paid to the medical security trust fund. These contributions are used to purchase medical insurance for the unemployed. The act places a \$14,000 ceiling on the remuneration subject to this contribution.

Methodology

According to data received from the Department of Employment and Training, and the Department of Industrial Accidents, there are approximately 190,000 persons employed by local government. DLM has assumed for this analysis that all employee earnings exceed the "medical security wage base" of \$14,000.

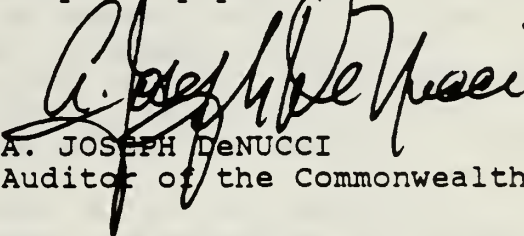
Medical Security Wage Base	\$14,000
Unemployment Health Insurance Contribution	x.0012
Contribution for each Employee	\$ 16.80
Local Government Employees	190,000
Contribution for each Employee	16.80
Annual Municipal Employer Contribution	3,192,000

The \$3,192,000 expense will impose an additional cost on cities and towns and would be subject to the local mandate law. Therefore, I am in favor of the purpose of HOUSE NO. 4711 as it applies to the unemployment health insurance contribution mandate on municipal employers.

I hope that this initial response provides useful information to the Committee. The Division of Local Mandates will continue its study of the entire Medical Security Act to determine costs imposed on cities and towns due to the passage of the Act.

Please contact me or Deputy Auditor Kenneth A. Marchurs if you have any questions or concerns relative to this matter.

Very truly yours,


A. JOSEPH DeNUCCI
Auditor of the Commonwealth



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A JOSEPH DENUCCI
AUDITOR

TEL 617 727 2075

May 10, 1989

The Honorable John C. McNeil
Chairman, Joint Committee on Health Care
State House - Room 437
Boston, Massachusetts 02133

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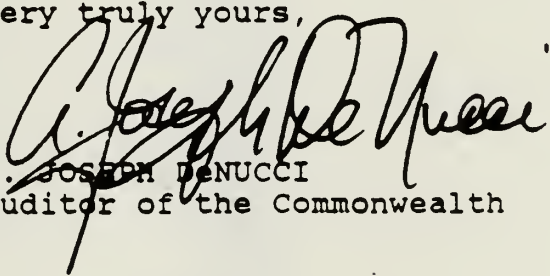
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Very truly yours,


A. JOSEPH DeNUCCI
Auditor of the Commonwealth

AUDITOR OF THE COMMONWEALTH
DIVISION OF LOCAL MANDATES

Health Security Act of 1988
Estimated Annual Municipal
Cost Impact of
St. 1988 c.23 s.46.

COMMUNITY	MUNICIPAL IMPACT
Abington	\$5,555
Acton	11,938
Acushnet	3,170
Adams	5,055
Agawam	11,096
Alford	29
Amesbury	9,825
Amherst	15,437
Andover	21,263
Arlington	19,007
Ashburnham	1,342
Ashby	657
Ashfield	257
Ashland	5,355
Athol	6,112
Attleboro	12,509
Auburn	5,812
Avon	2,442
Ayer	5,555
Barnstable	20,063
Barre	4,413
Becket	443
Bedford	6,412
Belchertown	3,941
Bellingham	6,726
Belmont	12,281
Berkley	2,028
Berlin	1,471
Bernardston	757
Beverly	16,022
Billerica	23,548
Blackstone	3,913
Blandford	86
Bolton	2,899
Boston	382,819
Bourne	12,195
Boxborough	1,342
Boxford	2,013
Boylston	5,212
Braintree	22,891
Brewster	2,528
Bridgewater	8,025

COMMUNITY	MUNICIPAL IMPACT
Brimfield	1,214
Brockton	42,212
Brookfield	1,028
Brookline	28,003
Buckland	514
Burlington	11,595
Cambridge	68,658
Canton	11,167
Carlisle	1,971
Carver	3,099
Charlemont	257
Charlton	3,213
Chatham	3,284
Chelmsford	14,766
Chelsea	11,467
Cheshire	57
Chester	428
Chesterfield	600
Chicopee	23,762
Chilmark	428
Clarksburg	671
Clinton	4,555
Cohasset	3,884
Colrain	200
Concord	14,666
Conway	700
Cummington	314
Dalton	5,112
Danvers	20,735
Dartmouth	8,725
Dedham	12,452
Deerfield	2,756
Dennis	3,898
Dighton	7,797
Douglas	2,213
Dover	3,613
Dracut	11,824
Dudley	6,840
Dunstable	643
Duxbury	8,154
East Bridgewater	4,598
East Brookfield	443
East Longmeadow	1,771
Eastham	6,140
Easthampton	5,669
Easton	10,367
Edgartown	2,799
Egremont	471
Erving	1,714
Essex	1,742
Everett	13,209

COMMUNITY	MUNICIPAL IMPACT
Fairhaven	7,226
Fall River	46,424
Falmouth	11,895
Fitchburg	16,079
Florida	528
Foxborough	6,969
Framingham	28,089
Franklin	9,625
Freetown	5,526
Gardner	8,054
Gay Head	357
Georgetown	3,013
Gill	500
Gloucester	15,608
Goshen	243
Gosnold	43
Grafton	4,398
Granby	2,785
Granville	685
Great Barrington	1,157
Greenfield	10,539
Groton	3,870
Groveland	2,071
Hadley	2,142
Halifax	2,042
Hamilton	5,141
Hampden	1,814
Hancock	428
Hanover	8,639
Hanson	5,741
Hardwick	500
Harvard	4,141
Harwich	8,382
Hatfield	1,842
Haverhill	32,101
Hawley	43
Heath	129
Hingham	12,224
Hinsdale	43
Holbrook	4,056
Holden	9,025
Holland	814
Holliston	7,111
Holyoke	29,959
Hopedale	2,556
Hopkinton	3,199
Hubbardston	814
Hudson	7,626
Hull	5,041
Huntington	3,727
Ipswich	5,469

COMMUNITY	MUNICIPAL IMPACT
Kingston	7,183
Lakeville	3,313
Lancaster	2,585
Lanesborough	657
Lawrence	29,859
Lee	3,213
Leicester	4,227
Lenox	2,785
Leominster	12,038
Leverett	714
Lexington	19,506
Leyden	314
Lincoln	5,012
Littleton	3,884
Longmeadow	11,153
Lowell	39,713
Ludlow	8,539
Lunenburg	4,027
Lynn	41,141
Lynnfield	5,141
Malden	20,992
Manchester	3,641
Mansfield	6,626
Marblehead	10,110
Marion	2,228
Marlborough	16,879
Marshfield	10,010
Mashpee	2,799
Mattapoisett	7,454
Maynard	4,541
Medfield	4,413
Medford	25,990
Medway	5,855
Melrose	13,737
Mendon	386
Merrimac	1,385
Methuen	14,123
Middleborough	8,111
Middlefield	43
Middleton	2,399
Milford	11,024
Millbury	7,383
Millis	3,142
Millville	314
Milton	9,439
Monroe	186
Monson	3,913
Montague	6,797
Monterey	100
Montgomery	29
Mount Washington	57

COMMUNITY	MUNICIPAL IMPACT
Nahant	2,056
Nantucket	5,626
Natick	14,694
Needham	19,164
New Ashford	0
New Bedford	55,535
New Braintree	214
New Marlborough	157
New Salem	714
Newbury	2,028
Newburyport	8,140
Newton	40,455
Norfolk	2,685
North Adams	8,639
North Andover	11,081
North Attleborough	11,038
North Brookfield	1,871
North Reading	6,397
Northampton	17,250
Northborough	7,668
Northbridge	4,812
Northfield	2,285
Norton	5,384
Norwell	4,127
Norwood	12,995
Oak Bluffs	4,441
Oakham	186
Orange	5,412
Orleans	5,369
Otis	585
Oxford	5,355
Palmer	7,626
Paxton	2,028
Peabody	26,932
Pelham	857
Pembroke	3,798
Pepperell	1,228
Peru	43
Petersham	685
Phillipston	43
Pittsfield	23,648
Plainfield	243
Plainville	1,785
Plymouth	25,775
Plympton	1,214
Princeton	1,642
Provincetown	3,998
Quincy	48,723
Randolph	9,553
Raynham	3,227
Reading	11,467

COMMUNITY	MUNICIPAL IMPACT
Rehoboth	1,899
Revere	14,109
Richmond	1,028
Rochester	2,299
Rockland	7,383
Rockport	3,313
Rowe	685
Rowley	4,855
Royalston	114
Russell	414
Rutland	1,771
Salem	25,547
Salisbury	3,327
Sandisfield	286
Sandwich	5,783
Saugus	9,482
Savoy	300
Scituate	8,240
Seekonk	7,269
Sharon	7,340
Sheffield	2,756
Shelburne	3,584
Sherborn	1,642
Shirley	71
Shrewsbury	9,682
Shutesbury	671
Somerset	8,140
Somerville	27,103
South Hadley	8,954
Southampton	1,828
Southborough	3,042
Southbridge	6,983
Southwick	5,669
Spencer	6,412
Springfield	137,217
Sterling	2,113
Stockbridge	4,998
Stoneham	8,397
Stoughton	12,024
Stow	2,513
Sturbridge	6,654
Sudbury	8,368
Sunderland	1,014
Sutton	5,441
Swampscott	4,056
Swansea	6,412
Taunton	23,276
Templeton	3,656
Tewksbury	9,096
Tisbury	2,313
Tolland	114

COMMUNITY	MUNICIPAL IMPACT
Topsfield	4,898
Townsend	8,697
Truro	1,157
Tyngsborough	8,439
Tyringham	100
Upton	4,541
Uxbridge	4,741
Wakefield	14,251
Wales	657
Walpole	8,968
Waltham	28,689
Ware	4,370
Wareham	7,797
Warren	2,399
Warwick	557
Washington	57
Watertown	11,510
Wayland	6,797
Webster	6,140
Wellesley	14,637
Wellfleet	2,142
Wendell	271
Wenham	1,028
West Boylston	7,226
West Bridgewater	3,270
West Brookfield	1,142
West Newbury	5,055
West Springfield	10,653
West Stockbridge	343
West Tisbury	1,071
Westborough	6,555
Westfield	18,764
Westford	8,240
Westhampton	2,199
Westminster	4,270
Weston	7,011
Westport	5,369
Westwood	6,098
Weymouth	21,106
Whately	443
Whitman	6,869
Wilbraham	7,497
Williamsburg	728
Williamstown	4,113
Wilmington	9,539
Winchendon	3,784
Winchester	21,549
Windsor	43
Winthrop	7,040
Woburn	21,106
Worcester	94,662

1872

1873

COMMUNITY	MUNICIPAL IMPACT
Worthington	286
Wrentham	6,055
Yarmouth	11,024
TOTAL	\$3,156,859 =====

